

RECORDATION NO. 22344-A FILED

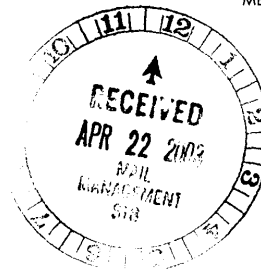
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SURFACE TRANSPORTATION BOARD

McALLEN NATIONAL BANK



April 11, 2003



Mr. Vernon Williams, Secretary
Surface Transportation Board
1925 K Street NW, Suite 700
Washington, D.C. 20423

Re: Texas Railcar Leasing Company, Inc.
Recordation No. 22344, dated August 23, 1999

Dear Mr. Williams:

McAllen National Bank hereby executes a release of its security interest in the property described below. The security interest was attached and perfected by virtue of the recorded instrument referenced above, a copy of which is attached, to which this is a secondary document.

Please release the following:

The document described is the Security Agreement, being a primary document, dated August 2, 1999. A description of the collateral covered by the document is as follows:

1. Six (6) 4,460 cubic feet covered tcp hopper railcars identified as follows:

| TRLX | TRLX | TRLX |
|-------|-------|-------|
| 45019 | 45020 | 45023 |
| 45036 | 45041 | 45082 |

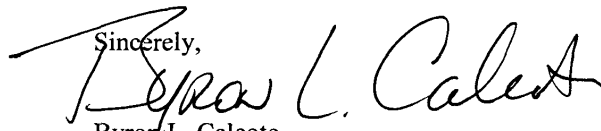
- 2.. Debtor's right, title and interest in and to Car Leasing Agreement No. 98/010040 (including Rider No. 0003) between Texas Railcar Leasing Company, Inc. and Applied Industrial Materials Corporation, dated June 1, 1999.

Our cashier's check, in the amount of \$28.00, is enclosed for the release of lien fee.

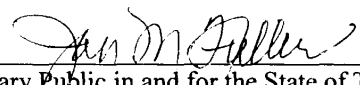
Correspondence
Page Two
April 11, 2003

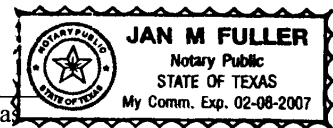
Please forward the released lien information to:

Texas Railcar Leasing Company, Inc.
Attention: Mr. Henry Novell
P.O. Box 1330
McAllen, Texas 78503

Sincerely,

Byron L. Calcote,
Senior Vice President

This instrument was acknowledged before me on the 14 day of April, 2003,
by Byron L. Calcote, Senior Vice President of McAllen National Bank, McAllen, Texas on behalf of
said corporation.


Notary Public in and for the State of Texas



BC/ji

Cc: G.P. Novell

RECORDATION NO 22347 FILED

AUG 23 '99

9-00 SECURITY AGREEMENT

DATE AUGUST 2, 1999

| | | | |
|-------------------------------|----------------------------------------------------------|------------------------|-------------------------|
| DEBTOR | TEXAS RAILCAR LEASING COMPANY, INC., A TEXAS CORPORATION | SECURED PARTY | MCALLEN NATIONAL BANK |
| BUSINESS OR RESIDENCE ADDRESS | P.O. BOX 1330 | ADDRESS | 1801 S. COL. ROWE BLVD. |
| CITY, STATE & ZIP CODE | MCALLEN, TX 78502 | CITY, STATE & ZIP CODE | MCALLEN, TX 78503 |

1. Security Interest and Collateral. To secure the payment and performance of each and every debt, liability and obligation of every type and description which Debtor may now or at any time hereafter owe to Secured Party (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several; all such debts, liabilities and obligations being herein collectively referred to as the "Obligations"), Debtor hereby grants Secured Party a security interest (herein called the "Security Interest") in the following property (herein called the "Collateral") (check applicable boxes and complete information):

(a) INVENTORY:

☐ All inventory of Debtor, whether now owned or hereafter acquired and wherever located;

(b) EQUIPMENT, FARM PRODUCTS AND CONSUMER GOODS:

☐ All equipment of Debtor, whether now owned or hereafter acquired, including but not limited to all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and recordkeeping equipment, parts and tools, and the goods described in any equipment schedule or list herewith or hereafter furnished to Secured Party by Debtor (but no such schedule or list need be furnished in order for the security interest granted herein to be valid as to all of Debtor's equipment).

☐ All farm products of Debtor, whether now owned or hereafter acquired, including but not limited to (i) all poultry and livestock and their young, products thereof and produce thereof, (ii) all crops, whether annual or perennial, and the products thereof, and (iii) all feed, seed, fertilizer, medicines and other supplies used or produced by Debtor in farming operations. The real estate concerned with the above described crops growing or to be grown is:

and the name of the record owner is: _____

☒ The following goods or types of goods: _____

(c) ACCOUNTS AND OTHER RIGHTS TO PAYMENT:

☐ Each and every right of Debtor to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by Debtor, out of a rendering of services by Debtor, out of a loan by Debtor, out of the overpayment of taxes or other liabilities of Debtor, or otherwise arises under any contract or agreement, whether such right to payment is or is not already earned by performance, and howsoever such right to payment may be evidenced, together with all other rights and interests (including all liens and security interests) which Debtor may at any time have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any of the property of such account debtor or other obligor; all including but not limited to all present and future debt instruments, chattel papers, accounts, and loans and obligations receivable.

☒ SEE ATTACHED SCHEDULE A.

(d) GENERAL INTANGIBLES:

☐ All general intangibles of Debtor, whether now owned or hereafter acquired, including, but not limited to, applications for patents, patents, copyrights, trademarks, trade secrets, good will, tradenames, customer lists, permits and franchises, the right to use Debtor's name, and tax refunds.

together with all substitutions and replacements for and products of any of the foregoing property not constituting consumer goods and together with proceeds of any and all of the foregoing property and, in the case of all tangible Collateral, together with all accessions and, except in the case of consumer goods, together with (i) all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or used in connection with any such goods, and (ii) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such goods.

2. Representations, Warranties and Agreements. Debtor represents, warrants and agrees that:

(a) Debtor is ☐ an individual, ☐ a partnership, ☒ a corporation and, if Debtor is an individual, the Debtor's residence is at the address of Debtor shown at the beginning of this Agreement.

(b) The Collateral will be used primarily for ☐ personal, family or household purposes; ☐ farming operations; ☒ business purposes.

(c) ☐ If any part or all of the tangible Collateral will become so related to particular real estate as to become a fixture, the real estate concerned is: _____

and the name of the record owner is: _____

(d) Debtor's chief executive office is located at _____ or, if left blank, at the address of Debtor shown at the beginning of this Agreement.

THIS AGREEMENT CONTAINS ADDITIONAL PROVISIONS SET FORTH ON PAGE 2 OF THIS DOCUMENT, ALL OF WHICH ARE MADE A PART HEREOF.

| | |
|-------------------------------------|----------------------------------------------------------|
| MCALLEN NATIONAL BANK | TEXAS RAILCAR LEASING COMPANY, INC., A TEXAS CORPORATION |
| Secured Party's Name | Debtor's Name |
| By <u>BYRON L. CALCOTE</u> | By <u>[Signature]</u> |
| Title: <u>SENIOR VICE PRESIDENT</u> | Title: <u>PRESIDENT</u> |
| | By _____ |
| | Title: _____ |

ADDITIONAL PROVISIONS

3. Additional Representations, Warranties and Agreements. Debtor represents, warrants and agrees that:

(c) Debtor has no other liens or encumbrances. Debtor represents, warrants and agrees that:

(i) Debtor has or will have at the time Debtor signs this Agreement all rights in all Collateral hereunder arising absolutely title to each item of Collateral free and clear of all security interests, liens and encumbrances, except the Security Interest in Collateral hereunder arising absolutely title to each item of Collateral which Debtor will claim or demands of anyone other than Secured Party. Debtor will not sell or otherwise dispose of the Collateral or any interest therein without the prior written consent of Secured Party.

(ii) The occurrence of an Event of Default and the revocation by Secured Party of Debtor's right to do so, Debtor may sell any inventory constituting Collateral to Buyers in the ordinary course of business and use and consume any farm products constituting Collateral in Debtor's farming operations. If Debtor is a corporation, this authority shall be exercised by any officer authorized by all necessary corporate action, and, if Debtor is a partnership, the partners (if executing this Agreement has

(b) Debtor will not permit any tangible Collateral to be located in any state (and, if county filing is required, in any county) in which a financing statement covering such Collateral is required to be, but has not in fact been, filed in order to perfect the Security Interest.

(c) Each right to payment and each instrument, document, chattel paper and other agreement constituting or evidencing Collateral (or will be when arising or occurring) shall be the valid, genuine and legally enforceable obligation, subject to no defense, set-off or counterclaim (other than those arising in the ordinary course of business) of the obligor or any other party, and the Debtor's records pertaining thereto as being obligated to pay such obligation. Debtor will not subordinate any such right to payment to claims of any creditors of such account debtor or other obligor.

[illegible]

(vii) if Secured Party at any time so requests (whether the request is made before or after the occurrence of an Event of Default), promptly deliver to Secured Party any instrument, document or chattel paper constituting Collateral, duly endorsed or assigned by Debtor; (viii) at all times keep all tangible Collateral insured (and in the case of Collateral consisting of motor vehicles) and such other risks and in such amounts as Secured Party may reasonably require; and

such documents as may be required to have the Security Interest properly noted on a certificate of title; (x) pay when due or reimburse Secured Party on demand for all costs of collection of any of the Obligations and all other out-of-pocket expenses (including in such case all reasonable attorneys' fees) incurred by Secured Party in the creation, perfection, satisfaction, protection, defense or enforcement of the Security Interest or the creation, continuance, protection, defense or enforcement of the Security Interest; and (y) pay when due or reimburse Secured Party on demand for all costs of collection of any of the Obligations and all other out-of-pocket expenses (including in such case all reasonable attorneys' fees) incurred by Secured Party in the creation, perfection, satisfaction, protection, defense or enforcement of the Security Interest or the creation, continuance, protection, defense or enforcement of the Security Interest.

(xi) execute, deliver or endorse any and all instruments, documents, and agreements, including expenses incurred in any litigation or bankruptcy or insolvency proceedings; (xii) at any time reasonably request in order to secure, protect, perfect or enforce the Security Interest and Secured Party's rights under this Agreement; (xiii) not create any Collateral, or permit it to be used or kept, for any unlawful purpose or in violation of any federal, state or local law, statute or ordinance; and (xiv) not permit any tangible Collateral, to become part of or to be affixed to any real property without first assuring to the reasonable satisfaction of Secured Party that the

Debtors shall not, and shall not permit any interest or lien thereon to be held or thereafter acquired by any mortgagee of such real property or the owner or purchaser of any interest therein, to take any action to enforce or to cause the enforcement of, any lien or claim against the real property for a period of ten calendar days after Debtor has written notice thereof to, in the name, place and stead of Debtor (or, at Secured Party's option, in Secured Party's name (but need not) perform or observe such agreement on behalf and in the name, place and stead of Debtor (or, at Secured Party's option, in Secured Party's name (but need not) take any

[illegible]

Indemnify and hold Secured Party harmless by Secured Party, in connection with or as a result of Secured Party's performing or observing such agreements or obligations, to facilitate the performance or observance by Secured Party of such obligations at the highest rate then applicable to any of the obligations, to the extent that such obligations are not secured by a security interest in the assets of Dantor, any and all instruments, documents, financing statements, applications for

(e) If this agreement covers farm products Debtor will provide Secured Party a written list of the buyers, commission merchants or selling agents to or through whom Debtor may sell his farm products. In this paragraph the terms farm products, buyers, commission merchants and selling agents have the meanings given to them in the Federal Food Security Act of 1985.

3. Lock Box, Collateral Account. If Secured Party so requests at any time (whether before or after the occurrence of an Event of Default) Debtor will direct each of its account debtors to make payments due under the relevant account or chattel paper directly to a special lock box to be under the control of Secured Party. Debtor hereby authorizes and directs Secured Party to deposit into a special collateral account to be established and maintained with Secured Party all checks, drafts and cash payments received in said lock box. All deposits in said collateral account shall constitute proceeds of Collateral and shall not constitute payment of any account or Chattel Paper. Secured Party shall have no obligation to remit or deliver to Debtor any proceeds deposited in the collateral account to the payment of the account. Obligations in such order of application as Secured Party may determine, or permit Debtor to withdraw all or any part of the proceeds deposited in the collateral account. If a collateral account is so established, Debtor agrees that it will promptly deliver to Secured Party, for deposit into said collateral account, all payments on accounts and chattel paper received by it. All such payments shall be delivered to Secured Party in the form received (except for Debtor's endorsement where necessary) and shall be held by Secured Party as proceeds of Collateral. All payments received by Debtor shall be held in trust by Debtor for and as the property of Secured Party and shall not be commingled with any funds or property of Debtor.

Collection Rights of Secured Party. Notwithstanding Secured Party's rights under Section 4 with respect to any and all debt instruments, chattel papers, accounts, and other rights to payment constituting Collateral (including proceeds), Secured Party may at any time (both before and after the occurrence of an Event of Default) notify any account debtor, or any other person obligated to pay any amount due, that such chattel paper, account, or other right to payment has been assigned or transferred to Secured Party for security and shall be paid directly to Secured Party. If Secured Party so requests at any time, Debtor will so notify such account debtors and other obligors in writing and will indicate on all invoices to such account debtors or other obligors that the amount due is payable to Secured Party. If Secured Party so requests, Debtor will give such notice to an account debtor or other obligor, Secured Party may (but need not), in its own name or in Debtor's name, demand, sue for, collect, enforce or receive payment or satisfaction or collection on account of, or pursuing, any such chattel paper, account, or other right to payment, or grant any extension to, make any compromise or settlement with or otherwise agree to waive, modify, amend or change the obligations (including collateral obligations) of any such account debtor or other obligor.

13. **Assignment of Insurance.** Debtor hereby assigns to Secured Party, as additional security for the payment of the Obligations, any and all moneys (including but not limited to proceeds of insurance and refunds of unearned premiums) due or to become due under, and all other rights of Debtor under or with respect to, any and all policies of insurance covering the Collateral, and Debtor hereby directs that any and all such payments be made directly to Secured Party. Both before and after the occurrence of an Event of Default, Secured Party may (but need not), in its own name or in Debtor's name, execute and deliver proofs of claim, receive all such moneys, endorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any such policy.

7. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (i) Debtor shall fail to pay any or all of the Obligations when due or (if payable on demand) demand, or shall fail to observe or perform any covenant or agreement herein binding on it; (ii) any representation or warranty by Debtor set forth in this Agreement or made to Secured Party in any financial statements or reports submitted to Secured Party by or on behalf of Debtor shall prove materially false or misleading; (iii) a garnishment, summons or a writ of attachment shall be issued against or served upon the Secured Party for the attachment of any property of the Debtor or any indebtedness owing to Debtor; (iv) Debtor or any guarantor of any Obligation shall (A) be or become insolvent (however defined); or (B) voluntarily file, or have filed against it involuntarily, a petition under the United States Bankruptcy Code; or (C) if a corporation, partnership, or organization, be dissolved or liquidated or, if a partnership, suffer the death of a partner or, if an individual, suffer the death or disability of the individual; or (D) go out of business; (v) Secured Party shall in good faith believe that the prospect of due and punctual payment of any or all of the Obligations is impaired.

8. Remedies upon Event of Default. Upon the occurrence of an Event of Default under Section 7 and at any time thereafter, Secured Party may exercise any one or more of the following rights and remedies: (i) declare all unsecured Obligations to be immediately due and payable, and the same shall thereupon become immediately due and payable, without presentment or other notice or demand; (ii) exercise and enforce any or all rights and remedies available upon default to a secured party under the Uniform Commercial Code, including but not limited to the right to take possession of any Collateral, proceeding without judicial process and without process of attachment or garnishment; and (iii) require each Debtor hereby expressly waives, and the right to sell, lease or otherwise dispose of any or all of the Collateral, and in connection therewith, Secured Party agrees to execute such documents as may be required by the lender, in its sole discretion, by Secured Party which is reasonably convenient to both parties, and if notice to Debtor of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given in the manner specified in Section 10) at least 10 calendar days prior to the date of such disposition or action. Secured Party shall have no obligation to provide any notices or remedies available to Secured Party by law or agreement against the Collateral, against Debtor or against any other person or property. Upon the occurrence of an Event of Default, Secured Party shall retain all rights appropriate to such disposition of Collateral, including but not limited to, all intellectual property, patents, trademarks, trade secrets, copyrights and patents of Debtor that Secured Party deems necessary or

6. **Other Personal Property.** Unless at the time Secured Party takes possession of any tangible Collateral, or within seven days thereafter, Debtor gives written notice to Secured Party of the existence of any goods, papers or other property of Debtor, not affixed to or constituting a part of such Collateral, but which are located or found upon or within such Collateral, describing such property, Secured Party shall not be responsible or liable to Debtor for any action taken or omitted with respect to such property without actual knowledge of the existence of any such property or without actual knowledge that such property was located on, in, or about any of the Collateral.

Miscellaneous. This Agreement does not contemplate a sale of accounts, or chattel paper. Debtor agrees that each provision whose box is checked is part of this Agreement. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by Secured Party. A waiver signed by Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or nonexercise of any right or remedy available to Secured Party shall not constitute a waiver of such right or remedy. The rights of Secured Party under this Agreement are cumulative and may be exercised singly or concurrently, at Secured Party's option, and the exercise or enforcement of any one or more of them shall not constitute a condition to, nor bar the exercise or enforcement of any other. All notices to be given to Debtor shall be deemed sufficiently given if delivered or mailed by registered or certified mail, postage prepaid, to Debtor at its address set forth above or at the most recent address shown on Secured Party's records. Secured Party's exercise of its rights as to the Collateral in its possession (as imposed by law) shall be deemed fulfilled if Secured Party exercises reasonable care in physically safeguarding such Collateral or, in the event of destruction, loss or damage to the Collateral, in obtaining replacement of the Collateral or in the selection of the bailee or other third person, and Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Debtor may have against prior parties, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds to the satisfaction of this Agreement. Secured Party shall not be bound by the actions, omissions, or claims of any agents, employees, attorneys, or other respective heirs, representatives, successors and assigns and shall take effect when signed by Debtor and delivered to Secured Party, and Debtor waives notice of Secured Party's acceptance hereof. Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any part of this Agreement shall be deemed an original, and all such reproductions shall be deemed to be true and correct copies of the original. This Agreement is governed by the laws of the state in which it is executed. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been made a part of this Agreement. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the satisfaction and payment of the obligations secured hereby. If Debtor is an individual, and survives the execution, delivery and performance of this Agreement, the term "Debtor" shall refer to each of them separately and to both or all of them jointly; all such persons shall be bound both severally and jointly with the other(s); and the Obligations shall include all debts, liabilities and obligations owed to Secured Party by any Debtor solely or by both or several or more of them. If Debtor is a partnership, the term "Debtor" shall refer to the partnership and to each of its partners, whether or not a partner in all Debtor(s) or all Debtors or is owned in whole or in part by one or more of them.

SCHEDULE A

1. Six (6) 4,460 cubic feet covered top hopper railcars identified as follows:

TRLX45019
TRLX45036

TRLX45020
TRLX45041

TRLX45023
TRLX45082

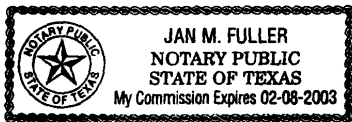
2. Debtor's rights, title and interest in and to Car Leasing Agreement No. 98/010040 (including Rider No. 0003) between Texas Railcar Leasing Company, Inc. and Applied Industrial Materials Corporation, dated June 1, 1999.

Texas Railcar Leasing Company, Inc.

By: _____

Henry Novell, President

This Instrument was acknowledged before me on the 2nd day of August, 1999 by Byron Calcote, Senior Vice President of McAllen National Bank, McAllen, Texas on behalf of said corporation.



Notary Public in and for the State of Texas